

TO: Tennessee Public Charter School Commission

FROM: Tess Stovall, Executive Director, Tennessee Public Charter School Commission

DATE: October 28, 2020

SUBJECT: Fiscal Year 2022 Tennessee Public Charter School Commission Proposed Budget

Background

The adoption of the Tennessee Public Charter School Commission (Charter Commission)'s proposed Fiscal Year 2022 budget is a critical operational step for the agency as it assumes the appellate and authorization functions from the State Board of Education. Moreover, it is the first year that the Charter Commission will begin collecting authorizer fees from its authorized charter schools, and therefore, it is important to begin to conservatively recognize those fees until this funding stream is more known and stable.

The Fiscal Year 2022 budget was discussed at the Business Operations Committee meeting on October 14, 2020. Based on that discussion, edits were made to the projected expenditures in salaries and benefits, and the committee recommends the adoption of the Fiscal Year 2022 budget proposal by the Charter Commission.

Fiscal Year 2022 Budget Overview

Projected Revenue

- State Revenue
 - The additional state non-recurring revenue of \$250,000 will be discontinued after Fiscal Year 2021, and the state recurring revenue of \$707,300 will remain for Fiscal Year 2022.
- Authorizer Fee
 - Beginning in Fiscal Year 2022, the Charter Commission will begin collecting an authorizer fee of up to 3% of its authorized schools' per pupil state and local funding (e.g. BEP amount). The projected revenue of \$591,522 is a conservative projection of the Charter Commission's Fiscal Year 2022 authorizer fee revenue.
 - For more detailed information regarding the authorizer fee projections, see the attachment entitled "Tennessee Public Charter School Commission - Authorizer Fee Projection."
- Other Revenue
 - Beginning in Fiscal Year 2020, the Charter Commission will become the pass-through entity for the authorized charter schools' BEP funding and federal grant funding. The projections are estimates based on Fiscal Year 2021 revenues, and the Charter Commission staff will have a better sense of these revenue estimates for Fiscal Year 2022 beginning in March 2021.
 - For more detailed information regarding the school funding cycle, see the attachment entitled "Overview of the School Funding Cycle."

Projected Expenses

- Salaries and Benefits

- The expenditures for total compensation (salary and benefits) are projected at \$1,116,269 for ten positions.
- As a part of the Fiscal Year 2022 state budget request, I have asked to move approximately \$280,000 into the salaries and benefits category, also known as above the line, to ensure that the Charter Commission can competitively hire the remainder of the positions it is authorized to fill. This request is reflected in the attached budget proposal.
- If this request is not approved through the state budget process, staff will present a revised budget to the Charter Commission for approval.
- Professional Services
 - The expenditures for professional services are projected at \$50,000 which would cover third-party services such as the student information system, translation of policies, back-office contracted services, and external reviewers for charter school appeals.
- Commission Meetings
 - The expenditures for Commission meetings are projected at \$42,000 which would cover the meeting set-up costs and the travel reimbursement costs for four (4) quarterly meetings.
- Staff Travel
 - The expenditures for staff travel are projected at \$15,000 which would cover staff travel to schools, conferences, and other meetings.
- Facilities Rent
 - The expenditures for facilities are projected at \$55,000 which would cover a fully acquired space in the Davy Crockett Tower for ten staff members.
- Computers, Equipment, Supplies and Materials
 - The expenditures for computers, equipment, supplies, and materials are projected at \$10,000 which would cover any ongoing costs for the Charter Commission.
- Unclassified/Other
 - \$10,553 is currently in the other category as a cushion for any unexpected costs that may arise.

Contingency Budget with 12% Reduction

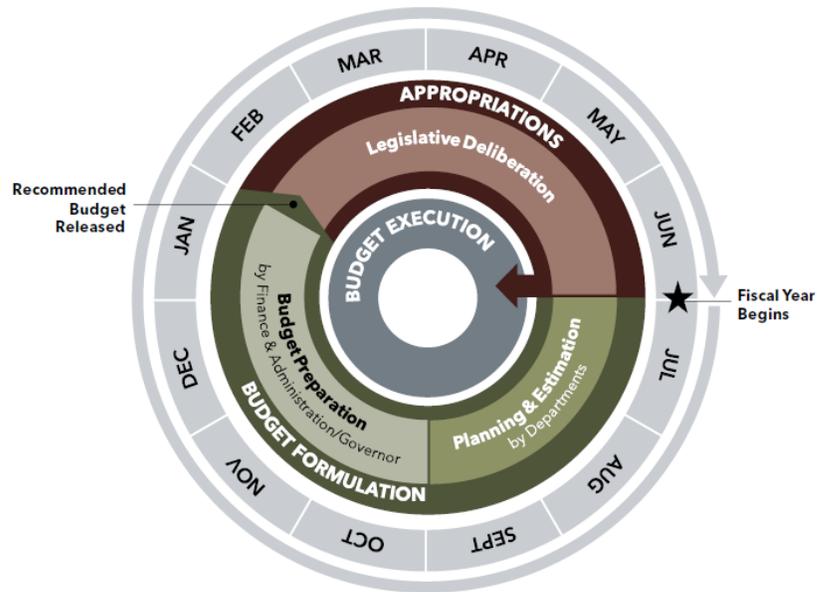
- If necessary, a Fiscal Year 2022 budget with a 12% reduction in the recurring state funds is also proposed. The proposed reduction in expenditures is reflected in all line items except for facilities rent.

Next Steps

- The Department of Finance and Administration is currently working with the Governor's office to prepare the Fiscal Year 2022 budget proposal. The Governor's recommended budget will be released by the Governor's office in January 2021.
- At that point, the General Assembly will begin its legislative deliberations on an appropriations bill. The Charter Commission may be asked to testify in front of committees in both chambers on the proposed Fiscal Year 2022 budget.
- Staff will update the Charter Commission when the appropriations bill is passed by the General Assembly and prepare any changes that need to be reflected in the Fiscal Year 2022 budget.

- Staff will present a revised Fiscal Year 2022 budget to the Charter Commission in July 2022 that will reflect actual BEP, authorizer fee, and grant revenue projections for Fiscal Year 2022 as well as any other necessary revisions to the budget.
- For an overview of each step of the state budget process, please see The Sycamore Institute’s [Tennessee State Budget Primer](#), and below is a graphic from the report demonstrating the state budget cycle.

TENNESSEE’S BUDGET CYCLE



Motion for Consideration

I move to accept the Fiscal Year 2022 Tennessee Public Charter School Commission budget and the Fiscal Year 2022 contingency budget reflecting a 12% reduction in revenues and expenditures.